Consitex SA v TCL Marketing Sdn Bhd

HIGH COURT (KUALA LUMPUR) — SUIT NO (D8)(IP)(D5)–22–1863 OF 2002
RAMLY ALI J
5 MARCH 2008

Trade Marks — Infringement of registered trademark and passing off — Likelihood of deception and confusion — Whether close resemblance of marks — Whether instances of confusion de minimis and coincidental — Whether merely administrative confusion — Imperfect recollection — Trade Marks Act 1976 s 38

Trade Mark — Passing off — Basis of comparison — Market survey — Whether survey prejudicial and bias — Whether report conclusive of issues to be decided — Whether defendant had infringed plaintiff's trademark

Trade Mark — Passing off — Elements of — Claim for infringement of trademark — Whether plaintiff's mark well known to general public — Goodwill — Whether consumers would be easily deceived or confused — Whether misrepresentation on defendant's part to make public perceive that defendant's mark or business was associated to plaintiff — Whether plaintiff suffered or likely to suffer damages

The plaintiff was the registered proprietor in Malaysia of trademarks for 'Ermenegildo Zegna' and 'Zegna' in respect of clothing, boots, shoes and slippers. The plaintiff had since the early 1960s designed, manufactured, promoted and sold the Zegna Menswear all over the world under and by reference to the plaintiff's trademarks. Since 1989, the plaintiff extensively used the trademarks in Malaysia in respect of menswear. On the other hand, the defendant used the trademark of 'Emmer Zecna' in respect of its menswear. The defendant also had shops carrying the Emmer Zecna trade name on the shop front. The plaintiff initiated the present suit against the defendant based on three causes of action namely trademark infringement, passing off in respect of goods and passing off in respect of business. The defendant contended that its mark 'Emmer Zecna' and the plaintiff's mark 'Ermenegildo Zegna' were not identical and not so resembling to each other as was likely to deceive or cause confusion in the course of trade.

Held, dismissing the plaintiff's claim with costs:

(1) Both the plaintiff and the defendant focused their business on different markets and targeted different segment of the public. The plaintiff targeted customers who could afford designer wear and brands which were recognised by the fashion world. The defendant on the other hand had targeted the average middle-class portion of the public. Taking this fact into consideration, it was obvious that there was no likelihood of confusion or deception in the public (see para 36).

(2) The marks in dispute should not be demarcated and viewed in single elements. There were two words in the plaintiff's mark and two words in the defendant's mark. As such, when comparing the marks visually and orally, the comparison should be done in its entirety. There were substantial and significant differences in the marks which would not give rise to confusion in the market should the marks continue to coexist (see para 41).

(3) The people who shop at the high end retail outlets would be different from those who patronise departmental store, supermarkets, and shopping malls. Different categories of consumers shop at the various outlets. Further, the plaintiff's and the defendant's products were not sold within the same store or shopping malls. As the distribution channels were different, there was no likelihood of consumers being deceived at the point of sale (see paras 43–44).

(4) The plaintiff's and defendant's goods were not in direct competition. A consumer who did not like the design of the defendant's goods will not enter the plaintiff's outlet to purchase its goods instead due to the huge price difference. Likewise, a consumer who did not like the plaintiff's goods would not enter the defendant's outlet to buy the defendant's goods as it was not a 'designer wear' which could be rated along the famous brands (see para 48).

(5) The huge difference in price exceeding several hundred percent was a very strong determining factor. The products were normally purchased after a thoughtful, considered decision. There was no iota of evidence where there was such a 'wrong' purchase in the mistaken belief that defendant's goods were the same as that of the plaintiff's. Literacy level in Malaysia was high and consumers were more demanding, discerning and observant than before and therefore, were able to distinguish the plaintiff's and defendant's trademarks and businesses (see paras 51 & 54).

(6) On the facts, there was no confusion in the market place. Any incidence of confusion in the market place in Malaysia was de minimis in nature. The defendant had been openly trading under Emmer Zecna trademark since 1997 and the plaintiff had been trading in Malaysia since 1989.

Between 1997 and the date of the writ of summons 2002 there had hardly been any confusion among the customers/public in Malaysia. Plaintiff did not bring any direct evidence of confusion except hearsay evidence by way of survey report, which was conducted post-dated of writ prior to the trial and not at the time or prior to the filing of the writ in 2002. Thus, the de minimis evidence should be inadmissible at trial as they were all hearsay evidence. The hearsay evidence should not be given much weight as it would be prejudicial to the defendant as the defendant had no opportunity to cross-examine the witnesses first hand and could not verify that what the plaintiff's alleged was true (see paras 60–62).

(7) Even if there were instances of confusion, the confusion was 'mere administrative confusion'. There had not been any actual purchase of the defendant's goods by the customers seeking the plaintiff's goods. The plaintiff had not brought any substantial and significant evidence to prove that customers have wrongly purchased the defendant's goods (see para 65).

(8) Even if there was imperfect recollection of the plaintiff's mark on the consumer's part, it was likely that the consumer would remember that the plaintiff's mark was long, difficult to pronounce and ended with the syllables 'Genildo'. Further, the consumers purchasing the plaintiff's goods were members of the public who were in the 'upper income bracket', were literate and practice extreme care during their purchases due to the value of the goods. They could not be likened to grocery shoppers. Thus, these types of consumers have an increased degree of attention to the trademark attached to the clothing (see para 68-69).

(9) On the facts, the market survey report was not conclusive of the issue to be decided by the court, particularly on the issue of deception and confusion. The court could not rely on this type of report as it did not help the plaintiff in determining the issue at hand. In the circumstances, the defendant had not infringed the plaintiff's trademark as the marks were not identical or so nearly resembling to each other as they differ visually and orally to a great extent and there was no likelihood of confusion or deception in the course of trade in relation to the products concerned (paras 86–87).

(10) The plaintiff's mark did not have large brand awareness in Malaysia as the plaintiff only had two outlets. Therefore, the mark was not well known to the general public and whatever goodwill the plaintiff had was minimal, lay only with the upper class segment of the public (see para 91).

(11) The plaintiff had not adduced any witness to say that he or she was deceived or goods were passed off as the plaintiff's goods, on him or her. All the evidence adduced was hearsay evidence and there were no mistaken purchases made by consumers believing that the defendant's goods were the plaintiff's goods. Taking into consideration the surrounding circumstances, the defendant's consumers or potential consumers would not be easily deceived or confused. There was no misrepresentation on the defendant's part to make the public perceive or believe that the defendant's mark or business was associated to the plaintiff (see paras 96–100).

(12) To date, the plaintiff had not shown any actual damage in term of drop in sales or any real tarnishment of its goodwill or reputation in Malaysia. Thus, loss of sales on the plaintiff's part, even if there was any, was not caused by the defendant's trademark or business (see pp 101–103).

[Bahasa Malaysia summary

Plaintif adalah tuan punya berdaftar di Malaysia bagi tanda dagangan untuk 'Ermenegildo Zegna' dan 'Zegna' yang berkaitan dengan pakaian, but, kasut dan selipar. Plaintif semenjak awal tahun 1960an telah mereka bentuk, membuat, mempromosikan dan menjual Zegna Menswear ke seluruh dunia di bawah dan dengan merujuk kepada tanda dagangan plaintif. Semenjak 1989, plaintif telah menggunakan tanda dagangan tersebut di Malaysia secara meluas berkenaan dengan pakaian lelaki. Sebaliknya, defendan telah menggunakan 'Emmer Zecna' berkaitan dengan pakaian lelakinya. Defendan juga mempunyai kedai yang menggunakan Emmer Zecna di hadapan kedai. Plaintif memulakan guaman ini terhadap defendan berdasarkan kepada tiga kausa tindakan iaitu pelanggaran, kelirupaan berkenaan dengan barangan dan kelirupaan berkenaan dengan perniagaan. Defendan berhujah bahawa tandanya 'Emmer Zecna' dan tanda plaintif 'Ermenegildo Zegna' tidak serupa dan bukan hampir sama antara satu sama lain yang boleh menipu atau menyebabkan kekeliruan di dalam perjalanan perniagaan.

Diputuskan, menolak tuntutan plaintif dengan kos:

(1) Kedua-dua plaintif dan defendan memfokuskan perniagaan mereka terhadap pasaran yang berbeza dan mensasarkan bahagian orang awam yang berbeza. Plaintif mensasarkan pelanggan yang mampu memiliki pakaian yang direka pereka fesyen dan berjenama yang mana diiktiraf oleh dunia fesyen. Manakala defendan mensasarkan golongan pertengahan. Mengambil pertimbangan fakta ini, adalah jelas bahawa tidak terdapat kemungkinan kekeliruan atau penipuan kepada orang awam (lihat perenggan 36).

(2) Tanda yang dipertikaikan tidak seharusnya dibatasi dan diperlihatkan di dalam satu elemen. Terdapat dua perkataan di dalam tanda plaintif dan dua perkataan di dalam tanda defendan. Oleh itu, apabila membandingkan tanda-tanda tersebut secara visual dan lisan, perbandingan sepatutnya dilakukan secara keseluruhan. Terdapat perbezaan yang besar dan penting di dalam tanda-tanda yang tidak akan menimbulkan kekeliruan di dalam pasaran sekiranya tanda-tanda terus wujud bersama (lihat perenggan 41).

(3) Mereka yang membeli-belah di kedai runcit atasan adalah berbeza daripada mereka yang membeli belah di kedai serbaneka, pasaraya dan pusat membeli-belah. Kategori pengguna yang berbeza membeli-belah di pelbagai kedai. Selanjutnya, barangan plaintif dan defendan tidak dijual di kedai atau pusat membeli belah yang sama. Oleh kerana saluran pengedaran adalah berbeza, kemungkinan tidak terdapat pengguna ditipu ketika jualan (lihat perenggan 43–44).

(4) Barangan plaintif dan defendan adalah tidak bersaing secara terus. Seseorang pengguna yang tidak menyukai rekaan barangan defendan sebaliknya tidak akan memasuki kedai plaintif untuk membeli barangannya kerana perbezaan harganya yang begitu besar. Begitu juga, seseorang pengguna yang tidak menyukai barangan plaintif tidak akan memasuki kedai defendan untuk membeli barangan defendan yang mana ianya adalah bukan 'pakaian berjenama' yang boleh dinilai bersama-sama dengan jenama terkenal (lihat perenggan 48).

(5) Perbezaan harga yang besar melebihi beberapa ratus peratus adalah faktor penentu yang sangat kuat. Produk-produk kebiasaannya dibeli selepas memikirkan keputusan yang dipertimbangkan. Tidak terdapat sedikit pun keterangan yang mana terdapatnya pembelian 'salah' dalam salah percaya bahawa barangan defendan adalah sama dengan plaintif. Tahap celik huruf di Malaysia adalah tinggi dan pengguna adalah lebih mendesak, pandai menilai dan tajam pemerhatian daripada sebelumnya dan oleh itu mampu untuk membezakan tanda dagangan dan perniagaan plaintif dan defendan (lihat perenggan 51 & 54).

(6) Atas fakta, tidak terdapat kekeliruan di dalam pasaran. Mana-mana kejadian kekeliruan di dalam pasaran Malaysia secara dasarnya adalah *de minimis*. Defendan telah memperdagangkan secara terbuka di bawah tanda dagangan Emmer Zecna semenjak 1997 dan plaintif telah berdagang di Malaysia semenjak 1989. Di antara 1997 dan tarikh writ saman 2002, hampir tiada apa-apa kekeliruan di kalangan pelanggan-pelanggan/orang awam di Malaysia. Plaintif tidak mengemukakan apa-apa keterangan langsung kekeliruan melainkan keterangan dengar cakap melalui laporan kaji selidik, yang dilakukan selepas tarikh writ sebelum perbicaraan dan bukan pada masa atau sebelum pemfailan writ pada tahun 2002 (lihat perenggan 60).

(7) Jika pun terdapat kejadian yang mengelirukan, kekeliruan tersebut adalah 'hanya kekeliruan pentadbiran'. Tidak terdapat apa-apa pembelian sebenar barangan defendan oleh pelanggan yang meminta barangan plaintif. Plaintif tidak mengemukakan apa-apa keterangan utama dan penting untuk membuktikan bahawa pelanggan-pelanggan telah secara salah membeli barangan defendan (lihat perenggan 65).

(8) Walaupun terdapat ingatan tidak sempurna tanda plaintif oleh pengguna, tidak mungkin pengguna akan ingat bahawa tanda plaintif adalah panjang, susah untuk disebut and berakhir dengan suku kata 'Genildo'. Selanjutnya, pengguna yang membeli barangan plaintif adalah ahli orang awam di dalam 'golongan berpendapatan tinggi', celik huruf dan mengamalkan ketelitian yang amat sangat semasa pembelian mereka akibat nilai barangan tersebut. Mereka tidak boleh disamakan kepada pembeli belah barangan runcit. Oleh itu, jenis pengguna ini mempunyai perhatian lebih kepada tanda dagangan yang terdapat pada pakaian tersebut (lihat perenggan 68–69).

(9) Atas fakta, laporan tinjauan pasaran tidak konklusif terhadap isu yang diputuskan oleh mahkamah, terutamanya atas isu penipuan dan kekeliruan. Mahkamah tidak dapat bergantung ke atas laporan jenis begini kerana ia tidak menolong plaintif di dalam menentukan isu. Dalam keadaan ini, defendan tidak melanggar cap dagangan plaintif kerana tanda-tanda tidak serupa atau hampir sama antara satu sama lain kerana mereka berlainan secara visual dan lisan sebahagian besarnya dan besar kemungkinan tidak terdapat kekeliruan atau penipuan dalam pelaksanaan dagangan berkaitan barangan berkenaan (perenggan 86–87).

(10) Tanda plaintif tidak mempunyai kesedaran jenama yang besar di Malaysia kerana plaintif hanya mempunyai dua kedai. Oleh itu, tanda tersebut tidak sangat dikenali oleh orang awam dan apa-apa nama baik yang dimiliki oleh plaintif adalah minimum, hanya terletak di bahagian kelas atasan orang awam (see para 91).

(11) Plaintif tidak mengemukakan mana-mana saksi untuk menyatakan bahawa dia telah ditipu atau barangan dikatakan sebagai barangan plaintif, ke atas dia. Kesemua keterangan yang dikemukakan adalah keterangan dengar cakap dan tiada pembelian yang tersilap dibuat oleh pengguna-pengguna yang mempercayai barangan defendan adalah barangan plaintif. Mengambilkira keadaan sekeliling, pengguna atau pengguna berpotensi defendan tidak akan senang ditipu atau dikelirukan. Tidak terdapat salah nyata oleh defendan untuk membuatkan defendan mempercayai bahawa tanda atau perniagaan defendan adalah berkaitan dengan plaintif (lihat perenggan 96–100).

(12) Sehingga kini, plaintif tidak menunjukkan apa-apa kerugian sebenar berkaitan kejatuhan jualan atau apa-apa kecemaran sebenar terhadap nama baiknya atau reputasi di Malaysia. Oleh itu, kerugian jualan oleh plaintif, jika ada, tidak disebabkan oleh cap dagangan atau perniagaan defendan (lihat perenggan 101–103).]

Notes

For a case on basis of comparison of passing off, see 12 *Mallal's Digest* (4th Ed, 2005 Reissue) paras 2053.

For cases on elements of passing off, see 12 *Mallal's Digest* (4th Ed, 2005 Reissue) paras 2067–2075.

For cases on likelihood of deception and confusion, see 12 *Mallal's Digest* (4th Ed, 2005 Reissue) paras 2028–2034.

Cases referred to

AGSL Insurance v NA Insurance Co AIR 1939 Mad 555 (refd)

Ayamas Convenience Store Sdn Bhd v Ayamas Sdn Bhd [1995] 1 CLJ 133 (refd)

Bata Ltd v Sim Ah Ba @ Sim Teng Khor & Ors (Trading As Kheng Aik Trading) [2006] 6 MLJ 445 (refd)

Canon Kabushiki Kaisha v Brook & Anor (1996) 69 FCR 401 (refd)

Clairol Incorporated v Too Dit Company [1980] 2 MLJ 112 (refd)

Coca-Cola Co (Canada) Ltd, The v Pepsi-Cola Co (Canada) Ltd (1942) 59 RPC 127 (refd)

Customglass Boats Ltd v Salthouse Brothers Ltd [1976] RPC 589 (refd)

Elba Group Sdn Bhd v Pendaftar Cap Dagangan dan Paten Malaysia [1998] 4 MLJ 105 (refd)

Electrolux Ltd v Electrix Ltd (1954) 71 RPC 23 (refd)

Erven Warnink BV & Ors v J Townend & Sons (Hull) Ltd & Ors [1979] 2 All ER 927 (refd)

European Ltd, The v The Economist Newspapers Ltd [1996] FSR 431 (refd)

Fabrique Ebel Societe Anonyme v Syarikat Perniagaan Tukang Jam City Port & Ors [1988] 1 MLJ 188 (refd)

HFC Bank Plc v Midland Bank Plc [2000] 27 FSR 176 (refd)

Imperial Group Plc v Philip Morris Ltd & Anor [1984] RPC 293 (refd)

In the matter of Kidax (Shirts) Ld's application for trademarks No 724,931 and 724,932 [1960] RPC 117 (refd)

Indo-Pharma Pharmaceutical Works Ltd v Citadel Fine Pharmaceuticals Ltd AIR 1998 Mad 347 (refd)

LANCER Trade Mark [1987] RPC 303 (folld)

Lim Yew Sing v Hummel International Sports & Leisure A/S [1996] 3 MLJ 7 (refd)

Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV [1999] All ER(EC) 587 (refd)

A *MI & M Corporation & Anor v A Mohamed Ibrahim* [1964] MLJ 392 (refd)
Marengo v Daily Sketch & Anor [1992] FCR 1 (refd)
Pianotist Co's Application (1906) 23 RPC 774 (refd)
Picot Ltd v Goya Ltd [1967] RPC 573 (folld)
Reckitt & Colman Products Ltd v Borden Inc & Ors [1990] 1 All ER 873 (refd)
B *Seet Chuan Seng & Anor v Tee Yih Jia Food Manufacturing Pte Ltd* [1994] 2 MLJ 770 (refd)
Tohtonku Sdn Bhd v Superace (M) Sdn Bhd [1992] 2 MLJ 63 (refd)
Tohtonku Sdn Bhd v Superace (M) Sdn Bhd [1989] 2 MLJ 298 (refd)
Tong Guan Food Products v Hoe Huat Hng Foodstuff Pte Ltd [1991] 2 MLJ
C 361 (refd)
Yakult Honsha KK's Trade Mark Application [2001] RPC 756 (refd)

Legislation referred to
Trade Marks Act 1976 ss 35, 38

D *Ambiga Sreenavasan (Sreenavasan) for the plaintiff.*
Sri Dev Nair (Sri Dev & Naila) for the defendant.

Ramly Ali J:

E INTRODUCTION: SUMMARY OF THE PLAINTIFF'S CLAIM

[1] The plaintiff's claim against the defendant is based on three causes of action, namely:

F (a) trademark infringement;

(b) passing off in respect of goods; and

(c) passing off in respect of the business.

G **[2]** The plaintiff's trademarks and trade names are 'Ermenegildo Zegna' and 'Zegna' whilst the defendant's trademark and trade name in 'Emmer Zecna'.

TRADE MARK INFRINGEMENT

H

[3] In respect of trademark infringement, the plaintiff's contentions are as follows:

- The plaintiff is the registered proprietor in Malaysia of the trademarks
I 'Ermenegildo Zegna' and 'Zegna' in Class 25 in respect of clothing, boots, shoes and slippers pursuant to trademark Registration Nos 83/01273 and 83/01275.

- The defendant uses the trademark 'Emmer Zecna' in respect of menswear.
- It is the plaintiff's contention that the trademark 'Emmer Zecna' is confusingly similar to the plaintiff's registered trademarks 'Ermenegildo Zegna' and 'Zegna' and thus amounts to an infringement of the plaintiff's trademark Registration Nos 83/01273 and 83/01275 for 'Zegna' and 'Ermenegildo Zegna'.

PASSING OFF — GOODS

[4] In respect of passing off in goods, the plaintiff's contentions are as follows:

- The plaintiff has since 1989 extensively used the trademarks 'Ermenegildo Zegna' and 'Zegna' in Malaysia in respect of menswear. By reason of extensive use and promotion of the said trademarks in respect of menswear, the plaintiff has acquired substantial goodwill in Malaysia in respect of its menswear as identified by the plaintiff's said trademarks. The plaintiff's trademarks are distinctive of the plaintiff in Malaysia and the plaintiff is the common law proprietor of the same in Malaysia.
- The plaintiff contends that the defendant's trademark 'Emmer Zecna' is confusingly similar to the plaintiff's trademark 'Ermenegildo Zegna' and 'Zegna' and its use by the defendant in respect of menswear amounts to a misrepresentation to the trade and public that the defendant's menswear is that of the plaintiff's or is in some way associated with the plaintiff.

PASSING OFF — THE BUSINESS

[5] In respect of passing off in the business, the plaintiff's contentions are as follows:

- The plaintiff has since 1989 used the trade names 'Ermenegildo Zegna' and/or 'Zegna' in respect of its boutiques in Malaysia. By reason of its extensive use in respect of its boutiques, the plaintiff claims that it has acquired substantial goodwill in Malaysia in respect of its business as identified by the plaintiff's said trade names. The plaintiff further claims that the plaintiff's said trade names are distinctive of the plaintiff in Malaysia and the plaintiff is the common law proprietor of the same in Malaysia.
- The defendant uses the trade name 'Emmer Zecna' in respect of its outlets in Malaysia which trade name is confusingly similar to the plaintiff's trade names.

- By reason of the use of a confusingly similar trade name, the defendant has or is likely to misrepresent to the trade and the public in Malaysia that the defendant's outlets and business are that of the plaintiff or are associated with the plaintiff.

THE PLAINTIFF

[6] The plaintiff is a member of the Ermenegildo Zegna group (the 'Zegna Group') which is a world leader in the design, manufacture and marketing on a world-wide basis of fine menswear and other exclusive clothing of premium quality (the 'Zegna Menswear').

THE DEFENDANT

[7] The defendant is a private limited company, incorporated in Malaysia on 13 September 1996 and carries on the business of marketing garments.

FACTUAL BACKGROUND

[8] The plaintiff is the registered proprietor of the trademarks 'Zegna' [Trade Mark Registration No 83/01273] and 'Ermenegildo Zegna' [Trade Mark Registration No 83/01275] in Malaysia in Class 25 in respect of clothing, boots, shoes and slippers. The plaintiff's trademark registrations are valid and subsisting.

[9] The plaintiff has since the early 1960s designed, manufactured, promoted and sold the Zegna Menswear all over the world under and by reference to the plaintiff's trademarks.

[10] Ermenegildo Zegna is the name of the founder of the Zegna Group and was first used in Italy in 1938 in respect of fabrics.

[11] The Zegna Menswear bearing the plaintiff's trademarks has been sold in Malaysia since 1992 through the plaintiff's current franchisee, Melium Sdn Bhd. The Zegna Menswear is sold in boutiques located at exclusive locations which are managed by Melium Sdn Bhd.

[12] From 1989 to 1992, the Zegna Menswear bearing the plaintiff's trademarks were sold in Malaysia through the plaintiff's former franchises. Initially the Zegna Menswear were sold in two boutiques located at KL boutique in Shangri-La Hotel respectively. However the boutique in Shangri-La Hotel was subsequently closed and one in KL Hilton Hotel was opened instead.

[13] The Zegna Menswear is currently sold in an outlet in KLCC bearing the trade name 'Ermenegildo Zegna'. There is also a shop in Avenue K which was opened in 2005 which bears the trade name 'Zegna' with the letter 'Z'. The shop carries the less formal line, 'Z Zegna', which products bear the trademark 'Zegna' with the letter 'Z'.

[14] There have been extensive sales and promotions of the Zegna Menswear by reference to the plaintiff's trademarks in Malaysia. By reason of the said extensive sales and promotions in Malaysia, the plaintiff claims that the plaintiff has acquired substantial goodwill in Malaysia in respect of the Zegna Menswear as identified by the plaintiff's trademarks.

[15] Sometime in January 2001, the plaintiff discovered that the defendant was, without the consent or authority of the plaintiff, manufacturing, distributing and selling and/or otherwise dealing in menswear under and by reference to the trademark 'Emmer Zecna'.

[16] The plaintiff also discovered that the defendant has shops that carry the Emmer Zecna trade name on the shop front and the Emmer Zecna mark on its goods.

[17] The plaintiff also discovered that on or about 23 April 1997 and 24 April 1999, the defendant had through two of its directors applied to register 'Z Emmer Zecna & Device' in classes 16 and 25, which application are being opposed by the plaintiff.

[18] When the plaintiff discovered the defendant's activities, they issued a cease and desist letter through their trademark agents. However the matter could not be resolved.

[19] The plaintiff thus filed this action based on three causes of action namely trademark infringement, passing off in respect of goods and passing off in respect of the business.

THE DEFENDANT'S CONTENTION

[20] The defendant contends that the defendant's mark 'Emmer Zecna' and the plaintiff's mark 'Ermenegildo Zegna' are not identical and not so nearly resembling to each other as is likely to deceive or cause confusion in the course of trade in relation to the said goods (clothings).

A TRADEMARK INFRINGEMENT

[21] Section 35 of the Trade Marks Act 1976 states as follows:

B > Subject to the provisions of this Act, the registration of a person as a registered proprietor of a trade mark (other than a certification trade mark) in respect of any goods or services shall, if valid, give or be deemed to have been given to that person the exclusive right to the use of the trade mark in relation to those goods or services subject to any conditions, amendments, modifications or limitations entered in the register.

C

[22] Accordingly and by reason of s 35 of the Trade Marks Act 1976, the plaintiff claims to have the exclusive right to use the plaintiff's registered trademarks, 'Ermenegildo Zegna' and 'Zegna' in respect of the registered goods in Malaysia.

D

[23] Section 38 of the Trade Marks Act 1976 states that:

E > A registered trade mark is infringed by a person who, not being the registered proprietor of the trade mark or registered user of the trade mark using by way of permitted use, uses a mark which is identical with it or so nearly resembling it as is likely to deceive or cause confusion in the course of trade in relation to goods or services in respect of which the trade mark is registered in such a manner as to render the use of the mark likely to be taken either:
>
> (a) as being use as a trade mark;
>
> F (b) …

[24] Based on s 38 of the Trade Marks Act 1976, to establish an action for trademark infringement, the plaintiff would need to establish the following ingredients:

G

(a) the defendant used a mark identical with or nearly resembling the registered trademark as is likely to deceive or cause confusion;

H (b) the defendant is not authorised or licensed to use the registered trademark;

(c) the defendant is using the offending trademark in the course of trade;

(d) the defendant is using the offending trademark in relation to goods in respect of which the trademark is registered;

I

(e) the defendant uses the mark in such a manner as to render the use of the mark likely to be taken as being used as a trademark.

See *Fabrique Ebel Societe Anonyme v Syarikat Perniagaan Tukang Jam City Port & Ors* [1988] 1 MLJ 188.

[25] The only issue in the present case is whether the defendant's 'Emmer Zecna' mark so nearly resembles the plaintiff's trademarks 'Ermendegildo Zegna' as is likely to deceive or cause confusion.

[26] Parker J in the well known case of *Pianotist Co's Application* (1906) 23 RPC 774 had laid down the test in determining whether a mark is 'likely to deceive or cause confusion' as follows:

> You must take the two words. You must judge them, both by their look and by their sound. You must consider the goods to which they are to be applied … In fact, you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of the trademarks is used in the normal way as a trademark for the goods of the respective owners of the mark.

[27] The trademarks in question must be compared with each other (see: *Trade Mark Law & Practice in Malaysia* by Teo Bong Kwang — at p 248).

[28] The test as laid down by Parker J in *Pianotist Co Application* has been adopted by our Supreme Court in *Tohtonku Sdn Bhd v Supreme (M) Sdn Bhd* [1992] 2 MLJ 63 and *Elba Group Sdn Bhd v Pendaftar Cap Dagangan dan Paten Malaysia* [1998] 4 MLJ 105.

[29] Subsequent case law has developed further tests and principles which are widely accepted and applied and which may be summarised as follows:

(a) the idea conveyed by both trademarks must be compared;

(b) the marks as a whole must be compared;

(c) the first syllable of the trademarks is of importance;

(d) the ear as well as the eye must be considered;

(e) the imperfect recollection of customers/potential customers must be considered;

(f) the essential features of the trademarks must also be compared.

(See *Kerly's Law of Trade Marks and Trade Names* at pp 609, 611–612; *Trade Mark Law & Practice in Malaysia* by Teo Bong Kwang at p 244)

[30] The High Court in *Tohtonku Sdn Bhd v Superace (M) Sdn Bhd* [1989] 2 MLJ 298 held:

A … there is no close similarity between the two words 'MISTER' and 'SISTER' as to be likely to cause deception or confusion. The words are different. There is similarity in the second syllable but as a whole the similarity is not close enough as to be likely to cause deception or confusion.

B **[31]** The above High Court decision in *Tohtonku* case was confirmed by the Supreme Court as reported in [1992] 2 MLJ 63. Based on the decision, it is clear that mere similarity phonetically in one of two words marks is not sufficient to make a case of infringement of trademark.

C COMPARISON OF LOOK AND SOUND

[32] A visual comparison of the mark Emmer Zecna and the mark Ermenegildo Zegna reveals that:

D (a) the defendant's mark is shorter due to the first word only has five letters whereas the plaintiff's first word has eleven letters;

(b) the plaintiff's mark has the letter 'G' in both in its first and second word whereas the defendant's mark do not contain any letter 'G'; and

E (c) the letters 'Negildo' which stands out from the plaintiff's first word is not contained in any part of the defendant's mark.

[33] Aurally, the marks differ as well. In particular:

F (a) the plaintiff's mark, which has seven syllables has the following pronunciation:

'Err-Meh — Neh-Gill-Doh -------- Zay – Nia'

whereas the defendant's mark, which has four is pronounced as:

G 'Em-Mer ----- Zac — Nah'.

The plaintiff's mark when pronounced includes an emphasis on the syllables Gil do; the second word is pronounced as 'zay nia'. It is obvious that the pronunciation of the marks is totally different. As such the consumer will not be confused or deceived as he would be fully aware of the difference.

H

(b) the defendant's mark Emmer Zecna and the plaintiff's mark only have one identical syllable which is the syllable 'NA' in the suffix of both marks. Overall, the marks sound very different, with the plaintiff's mark being more difficult to pronounce. Even if there are any similarities, it is not sufficient to cause an action in trademark infringement. Compare the co-existence of COCA-COLA and PEPSI-COLA for carbonated drinks, NESCAFE and ALICAFE for coffee, POWER and SUPERPOWER for shoes, adax and DAKS for clothing in Malaysia.

I

[34] The plaintiff through it's witness PW2 agreed in cross-examination that 'an average Malaysian will have difficulty to pronounce 'Ermenegildo Zegna' but this does not imply that as average person will pronounce it as 'Emmer Zecna'.

[35] In any event, even assuming oral confusion between the marks does exist, the consumers of the plaintiff's and defendant's goods do not purchase the goods over the telephone and neither do they ask for the goods orally from the sales assistant. Therefore, oral confusion is not so relevant.

[36] Further to the above, according to the *Pianotist* test, surrounding circumstances should be taken into account when determining whether the mark is 'likely to deceive or cause confusion'. In the present case both the plaintiff and the defendant focus their business on different markets and target different segment of the public. The plaintiff target customers who can afford designer wear and brands which are recognized by the fashion world. Competitors of the plaintiff are brands such as A/X Armani Exchange, CK Calvin Klein, Guess and Valentino. The defendant on the other hand has targeted the average middle-class portion of the public. Taking this fact into consideration, it is obvious that there is no likelihood of confusion or deception in the public.

[37] In this respect, the court consider the case of *Picot Ltd v Goya Ltd* [1967] RPC 573 whereby the trademarks in dispute, PICOT (pronounced as 'Peekot') and PIQUANT (pronounced as 'Peekant') related to perfumes and the judge therein, Justice Stamp stated that since the goods are purchased over the counter and not by telephone, oral confusion is of less importance. In his judgment, Justice Stamp stated that:

> … but these goods are not sold to the public as a result of orders over the telephone, but as a result of visits by prospective purchasers to the shop and are bought, so to speak, over the counter. I am not going to assume, in the absence of any evidence, that a woman or a man who had been recommended PICOT perfumes, with whatever pronunciation, would make a purchase without inspection. Perfume is not like a packet of soap or groceries, which may be bought by a brand name and put into a shopping bag without inspection.

[38] Applying Justice Stamp's logical reasoning in his judgment to this case, it is evident that the plaintiff's goods will not be mistakenly bought by customers on the basis of oral confusion between the plaintiff's mark Ermegenildo Zegna and the defendant's mark Emmer Zecna. The plaintiff's goods are very expensive and that there is a huge price difference between the plaintiff's and defendant's goods. Similar to perfumes customers who purchase the plaintiff's goods will not make a purchase without inspection of the trademark or brand tag on the goods.

A ALL THE SURROUNDING CIRCUMSTANCES

[39] In regards to the other limb of the *Pianotist* test, the court finds that 'all their surrounding circumstances' would include the following factors:

B (i) manner of use of the marks in the market place;

(ii) the channels of distribution;

(iii) the targeted market; and

C (iv) the characteristics of an average consumer.

Manner of use of the mark in the market place

[40] The plaintiff's goods shown as sample to this court all show the mark D 'Ermenegildo Zegna' and not 'Zegna' alone. In all their signage, advertisements, product labels, and packaging only the combined words Ermenegildo Zegna are used.

[41] The marks in dispute should not be demarcated and viewed in single E elements. There are two words in the plaintiff's mark and two words in the defendant's mark. As such, when comparing the marks visually and orally, the comparison should be done in its entirely. Ermenegildo Zegna should be compared against Emmer Zecna. There are substantial and significant differences in the marks which would not give rise to confusion in the market F should the marks continue to co-exist.

The channel of distribution

G **[42]** The plaintiff's clothings are distributed at exclusive malls noted for high priced items, at KLCC and Avenue K. At the time of the writ of summon, the plaintiff only operated at KLCC. The defendant's products on the other hand are sold in island counters in departmental stores, supermarkets and boutique outlets in shopping malls.

H

[43] The people who shop at KLCC where there are high end retail outlets would be different from those who patronise departmental store, supermarkets, and shopping malls. Different categories of consumers shop at the various outlets. Further the plaintiff's and the defendant's products are I not sold within the same store or shopping malls. For example the defendant's products are not sold at KLCC nor at Avenue K.

[44] As the distribution channels are different, there is no likelihood of consumers being deceived at the point of sale (see, (a) *Bata Ltd v Sim Ah Ba*

@ Sim Teng Khor & Ors (Trading As Kheng Aik Trading) [2006] 6 MLJ 445 (CA); (b) *Elba Group Sdn Bhd v Pendaftar Cap Dagangan dan Paten Malaysia* [1998] 4 MLJ 105; (c) *LANCER Trade Mark* [1987] RPC 303).

The targeted market

[45] The evidence shows that both the plaintiff and the defendant focus their business on different markets and target different segment of the public. The plaintiff target customers who can afford designer wear, and brands which are recognised by the fashion world. Competitors of the plaintiff are brands such as A/X Armani Exchange, CK Calvin Klein, Guess, HUGO BOSS and Valentino. The plaintiff's witness, PW1 confirmed that their products were aimed for the 'upper bracket income group'.

[46] The defendant on the other hand has targeted the average middle-class portion of the public, who earn around RM2,000 monthly.

[47] There is a huge difference in the selling price of the plaintiff's and defendant's products. For example the plaintiff's Short sleeves shirt — RM550 (after discount) whereas the defendant's short sleeves shirt — RM59, the plaintiff's ties (P4A, P4B — RM565 & RM395 each). The plaintiff's products are sold by hundreds or thousands of ringgit per item. To a question to PW1 under cross-examination, PW1 admitted that there is a huge price difference between the plaintiff's and defendant's products.

[48] The plaintiff's and defendant's goods are not in direct competition. A consumer who does not like the design of the defendant's goods will not enter the plaintiff's outlet to purchase its goods instead due to the huge price difference. Likewise, a consumer who does not like the plaintiff's goods will not enter the defendant's outlet to buy the defendant's goods as it is not a 'designer wear' which can be rated along the above-mentioned brands of Hugo Boss, Calvin Klein etc.

[49] Where the price of a product is relatively high, the purchaser would exercise caution before purchasing the product. In practice he/she would verify the trademark origin, genuineness, etc of the product. In *Clairol Incorporated v Too Dit Company* [1980] 2 MLJ 112 (Singapore High Court) Sinnathuray J observed that:

> In the competitive consumer market today if there is anything that customers would take notice of at all, the one thing that they would notice is the price they have to pay for a product.

[50] Reference is made to the decision of the Court of Appeal in *Bata v Sim Ah Ba* where the appellant/plaintiff claimed, inter alia, that there was overlapping of trade channels between the parties and that this had caused confusion and deception to the public. In that case the Court of Appeal held, inter alia:

> The two marks in question, when placed side by side, exhibited many and obvious differences. More importantly, the effect of the idea of the mark in this case was very much diluted by the fact that the appellant's goods sold under the appellant's trademark were only retailed in the appellant's exclusive 'BATA' shops or those franchised by the appellant. The appellant's goods carrying it's trademark were not sold in general merchandise outlets such as those of the respondents. A probable customer wanting to buy the appellant's products, which were principally footwear, would proceed directly to the appellant's shops or franchised holders where he knew that the appellant's goods would be sold. He would not venture into a general retailing store which stocked the respondents' socks and underwear to buy the appellant's goods. Thus, contrasting trade channels had much to do with the idea of the mark and in this case, coupled with the contrasting material differences in the design of the two trademarks, there was little likelihood that the general public would be confused and deceived by the presence of the two contending marks.

[51] The huge difference in price (difference exceeding several hundred percent) is a very strong determining factor. The products (clothings) are normally purchased after a thoughtful, considered decision. There is no iota of evidence where there was such a 'wrong' purchase in the mistaken belief that defendant's goods are the same as that of the plaintiffs. Purchasers of the products know what they are buying. They would inspect the brand name etc. There is no likelihood of deception or confusion.

[52] In the *LANCER Trade Mark* [1987] RPC 303, the Court of Appeal in England in confirming the High Court decision, held that (even though the High Court held that although there was some degree of phonetic similarity between the marks, there was no real tangible danger of confusion between LANCER and COLT LANCER marks):

(a) when considering the risks of confusion, the purchase of a car is not to be equated with an everyday purchase over a shop counter, a car is unlikely to be purchased over the telephone and the matter will usually be considered with some care, assisted by an abundance of brochure literature; the practical risks of confusion were therefore slight in the extreme; (*Pianotist Co's Application* (1906) 23 RPC 774, followed); and

(b) the risk of confusion through mishearing caused by phonetic similarity was unlikely to survive the mechanism of purchase, having regard to the nature of the goods, and was, in any case, unlikely to extend to a substantial number of persons.

[53] Applying the rationale of the *LANCER* case above, the court rules that the rationale applies with equal force to the facts of our present case as:

(a) there was no tangible danger of confusion between the plaintiff's mark Ermenegildo Zegna and the defendant's mark Emmer Zecna, (quoting the *LANCER* decision in the High Court):

> … even if the applicants should use their mark on specialist cars; the goods were expensive and of a kind to which potential purchasers gave careful consideration before purchase.

(b) in the present case, the plaintiff's customers are evidently from the upper income bracket and obviously these customers are very exclusive and regular customers to the plaintiff who sells their products at expensive outlets located at KLCC and since 2005 at Avenue K in Jalan Ampang. They are highly unlikely to enter the defendant's outlets or purchase the defendant's products bearing Emmer Zecna trademark in the mistaken belief that the product are the same as that of the plaintiff.

(c) the defendant's products as can be seen are not in the same expensive bracket as that of the plaintiff and are catered to the middle and lower income group. Similarly the purchaser's of the defendant's goods are highly unlikely to purchase the plaintiffs good thinking they are the goods of the defendants.

(d) the defendant also sells Baju Melayu, Songkok, Baju Batik Samping and accessories for Malay attire to attract the Malay customers. This is a strong indication to customers that the defendant's marks are locally originated marks and is different from the plaintiff's mark.

The characteristics of an average consumer

[54] Literacy level in Malaysia is high and consumers are more demanding, discerning and observant than before and therefore, are able to distinguish the plaintiff's and defendant's trademarks and businesses. This is evidences by the fact that the marks 'PANASONIC' an 'PENSONIC' have been allowed to co-exist in relation to electronic and electrical goods in Malaysia, 'adax' and 'DAKS' for clothing, 'MISTER' and 'SISTER' for condoms, and 'PUBLIC BANK' and 'BANK RAKYAT' co-exist as name of banks.

[55] It is common knowledge that Malaysians prefer foreign sounding brands. As such, businesses choose foreign sounding brands for better sales and to penetrate the market quickly. For example the following foreign sounding brands are all local brands:

LEWRÉ for shoes

CAVENZI for furniture

BONIA for bags and shoes

DURBAN for clothes

JOHN MASTERS for clothes

ORLANDO for clothes

CARLO RINO for clothes

The plaintiff should not have monopoly of Italian sounding names for clothing. It is an open market in Malaysia and it should be left as such.

[56] In *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV* [1999] All ER (EC) 587, it was held that the average customer is deemed to be reasonably well informed, circumspect and observant. The court further held:

> For the purposes of that global appreciation, the average consumer of the category of products concerned is deemed to be reasonably well-informed and reasonably observant and circumspect (see, to the effect, *Gut Springenheide GmbH v Oberkreisdirektor des Kreises Steinfurt – Amt fur Lebensmittel – Uberwachung* case C-210/96 [1998] ECR 1-4657 (para 31)). However account should be taken of the fact, that the average consumer only rarely has the chance to make a direct comparison between the different marks but must place his trust in the imperfect picture of them that he has kept in his mind. It should also be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question.

[57] Taking this fact into consideration in this case, a well informed, circumspect and observant consumer would certainly not be confused with the co-existence of the defendant's mark Emmer Zecna with the plaintiff's mark Ermenegildo Zegna.

[58] The burden of proof is on the plaintiff to prove that there exist element of deception or confusion. No such evidence has been produced to date to prove this and the court is satisfied that there was no real tangible danger of confusion (see, (a) *Ayamas Convenience Store Sdn Bhd v Ayamas Sdn Bhd* [1995] 1 CLJ 133; (b) *In the matter of Kidax (Shirts) Ld's application for Trade Marks No 724,931 and 724,932* [1960] RCP 117; (c) *Canon Kabushiki Kaisha v Brook & Anor* (1996) 69 FCR 401; (d) *The Coca-Cola Co (Canada) Ltd v Pepsi-Cola Co (Canada) Ltd* (1942) 59 RCP 127; (e) *Indo-Pharma*

Pharmaceutical Works Ltd v Citadel Fine Pharmaceuticals Ltd AIR 1998 Mad 347; (f) *AGSL Insurance v NA Insurance Co* AIR 1939 Mad 555; and (g) *Bata Ltd v Sim Ah Ba*).

NO EVIDENCE OF CONFUSION

[59] It is important to note that the plaintiff only brought this action after the defendant's trademark application for the Emmer Zecna mark was advertised in the government Trademark *Gazette* and the defendant refused to withdraw the application. If not for the Trademark *Gazette* Notification, in all likelihood the plaintiff would not have brought this action.

[60] The reason being there was no confusion in the market place. Any incidence of confusion in the market place in Malaysia was *de minimis* in nature. The defendant has been openly trading under Emmer Zecna trademark since 1997 and the plaintiff has been trading in Malaysia since 1989. Between 1997 and the date of the writ of summons [2002] there has hardly been any confusion among the customers/public in Malaysia. The plaintiff did not bring any direct evidence of confusion. There was only hearsay evidence by way of survey report, which was conducted post date of writ prior to the trial and not at the time or prior to the filing of the writ in 2002.

[61] We have had a full trial on all of the plaintiff's claims and not a single iota of evidence of instances or actual instances of confusion was brought to the court. We have had only the following evidence adduced at court:

(a) evidence from PW1 that two customers entered the plaintiff's outlet in Singapore to alter trousers bearing the defendant's mark. Not only is this evidence hearsay evidence, it is also an event which did not occur in Malaysia and thus, does not involve 'the relevant public';

(b) evidence from PW2 who claims that there were instances of confusion in the public. Her evidence is also hearsay evidence and has not been proved for real. None of the four events alleged to have taken place can be confirmed for certain by any witnesses; and

(c) evidence from PW3 is also hearsay evidence, similar to the above two hearsay evidences from PW1 and PW2.

[62] The court is of the view that the above mentioned *de minimis* evidence should have been inadmissible at trial as they were all hearsay evidence. The hearsay evidence above should not be given much weight as it will be

prejudicial to the defendant as the defendant has no opportunity to cross-examine the witnesses first hand and can not verify that what the plaintiff's allege is true.

[63] The plaintiff would obviously want the court to believe their submission that there have in fact been 'actual instances of confusion'. The court is not convinced. All the so called 'actual instances' are merely afterthought and/or created for the trial of this action because:

(a) if there was such 'actual instances' as alleged in Q–72A of PW1, it would have been recorded or intimated to the defendant in their cease and desist letter dated 26 June 2001 by the plaintiff to the defendant. In the case before this court, there was no such recording on intimation to the defendant nor anywhere in the documents before this court, that there was such 'an instance'.

(b) Now, this action was filed in 2002. Nowhere in any of the affidavits filed before this court in support of their interlocutory injunction application (which the High Court granted but on appeal, it was reversed), have they deposed to such an instance, if such an instance did happen in 2001, then why, was it not deposed subsequently in any of the said affidavits affirmed in the year 2002.

(c) In respect of 'instances' of confusion as alleged by PW2, again the court finds that there is no such evidence of confusion as alleged by PW2. The details of the alleged instance of confusion was not recorded nor the details of the 'customer' of the defendant who came with the defendant's discount card, was taken down. The plaintiff also failed to call the ex-employee Kenneth Yap who attended to the said customer in 2001, to give evidence in the trial as to whether such an 'instance' took place.

(d) In respect of the PW3 evidence of 'instances of confusion', the court finds that again, the so called 'instances of confusion' are non-existent because as reiterated earlier, the details of the said instances or the details of the customer would have been recorded if the said customer had patronised the plaintiff's outlet at KLCC using the defendant's Emmer Zecna discount card.

[64] If there were that many 'actual instances of confusion' occurring at the plaintiff's premises, why is it that PW1 who is the plaintiff's Retail Manager in Singapore (at the time of the alleged confusion in Singapore), PW2 who is the Branch Manager for the plaintiff's products in Malaysia and PW3, Supervisor of the plaintiff's KLCC outlet, all of whom are high-positioned executives working with the plaintiff company not record the alleged 'instances of confusion'? The court is convinced that no recording of the

particulars of the alleged confused customers were made either because there were no 'instances of confusion' or because the high-positioned executives were aware of how distinct and distinguishable both the plaintiff's and defendant's marks are.

[65] The court is of the view that, even if there were instances of confusion, the confusion is 'mere administrative confusion' involving discount cards, alteration of trousers and picking up of clothes by a third party. There has not been any actual purchase of the defendant's goods by customers seeking the plaintiff's goods. The plaintiff has not brought any substantial and significant evidence to prove that customers have wrongly purchased the defendant's goods.

[66] The court is also of the view that in the event there were any confusion, it is *de minimis* and coincidental. In this respect the court refers to the case of *Marengo v Daily Sketch & Anor* [1992] FCR 1 where the dispute involved the signatures 'KIM' and 'KEM' and the Court of Appeal through Lord Greene MR held that:

> No one is entitled to be protected against confusion as such. Confusion may result from collision of two independent rights or liberties and where that is the case neither party can complain; they must put up with the results of the confusion as one of the misfortunes which occur in life. The protection to which a man is entitled is protection against passing off which is quite a different thing from mere confusion … If all that a trader is doing is to carry on trade in his own name and in disposing of or advertising his goods does no more than make the perfectly true statement that the goods are his goods, no other trader is entitled to complain.

See, (a) *LANCER Trade Mark*; (b) *Tong Guan Food Products v Hoe Huat Hng Foodstuff Pte Ltd* [1991] 2 MLJ 361; (c) *HFC Bank Plc v Midland Bank Plc* [2000] 27 FSR 176.

[67] To conclude the court's findings against the plaintiff's claim of infringement, the court shall now consider the case of *Electrolux Ltd v Electrix Ltd* (1954) 71 RPC 23 in particular Evershed MR's comments at p 31:

> The question of infringement, the question whether one mark is likely to cause confusion with another, is a matter upon which the judge must make up his mind and which, he and he alone, must decide. He cannot abdicate the decision in that matter to witnesses before him. On the other hand, it is equally true that he must be guided in all these matters by the evidence before him and where the evidence is that there has been no confusion that is a material matter which the judge must take into account.

Likewise, in this case, the fact that the plaintiff has not adduced any actual evidence of confusion in the market place is a material fact that the court should take into account.

IMPERFECT RECOLLECTION

[68] In para 40 of the plaintiff's written submissions, the plaintiff applies a case in which the marks in dispute shared an identical first word. In the present case, the first word of the plaintiff's mark is Ermenegenildo and the defendant's is Emmer. Even if there is imperfect recollection of plaintiff's mark on the part of the consumer, it is likely that the consumer will remember that the plaintiff's mark is long, difficult to pronounce and ends with the syllables 'Genildo' as those syllables are easy to pronounce.

[69] In the case of *MI & M Corporation & Anor v A Mohamed Ibrahim* [1964] MLJ 392, the Federal Court held that the general recollection test is to be applied having regard to the sort of people who would buy the goods and the circumstances in which they buy. In the present case, the consumers purchasing the plaintiff's goods are members of the public who are in the 'upper income bracket', are literate and consumers who practice extreme care during their purchases due the value of the goods in question. They cannot be likened to grocery shoppers who are rushing to choose goods of a shelf filled with various trademarks. Customers who purchase clothing generally have time on their hands and are not rushed to make a decision and thus, these type of customers have an increased degree of attention to the trademark attached to the clothing.

EVIDENCE OF MARKET SURVEY

[70] In an attempt to strengthen its case, the plaintiff produces the results of a market survey conducted by the plaintiff in May 2005, (some three years after the present suit was filed and five months before the trial begun). According to the plaintiff the results of the said market survey revealed, inter alia, that: a total of 195 of 276 interviewees were of the view that the products bearing the trademark 'Emmar Zecna' are associated with or related to 'Ermenegildo Zegna'.

[71] In the case of *Customglass Boats Ltd v Salthouse Brothers Ltd & Anor* [1976] RPC 589, it was held as follows:

(1) The result of a scientific market research survey is admissible either:

(a) as proving a public state of mind on a scientific question, which is an acknowledged exception to the hearsay rule, *R v Vincent* [1840] 9 C & P 275; 173 ER 833 applied, or

(b) as proving an external fact, namely that a designated opinion is held by the public or a class of the public; this is not a matter of hearsay at all.

(2) The weight of such evidence must be dependent upon whether:

(a) the questions were formulated in such a way as to preclude a weighted or conditioned response;

(b) there is clear proof that the answers were faithfully and accurately recorded;

(c) there is evidence that the answers were drawn from a true cross section of the class of the public or trade whose impression or opinion is relevant to the matter in issue.

[72] In the present case, the court finds it difficult to rely on the results of the market survey, on the following grounds:

(a) the questions posed to interviewees were mostly leading questions which were one-sided and biased, leaving not much room for the interviewees to think and produce their own answers.

(b) there was no true recording of the interview and thus the answers of the interviewees were not recorded in verbatim.

(c) none of the interviewees were called to this court to give evidence. Only the interviewers were called.

(d) the questions were asked in English. As the majority of Malaysians do not use English as their first language, it is highly likely that the interviewees may not have understood the questions clearly or at all. It is possible that the interviewees may have just agreed or disagreed with the interviewers' leading questions and the interviewer's opinions so that the interview will complete quickly and the interviewees can proceed with their intended routine. Without a verbatim recording of the interview, the survey evidence cannot be relied on as the reluctant or ambiguous answers given by the interviewees may have been phrased in a manner that is favorable to the plaintiff's case.

LEADING QUESTIONS

[73] It is glaring that the questions formulated in the questionnaire are leading questions as seen from, for example, questions 9, 10, 11 and 12 of the

questionnaire. The answers sought or wanted by the plaintiff in question 3 of the questionnaire by the plaintiff has been suggested in question 1 where the product is shown to the interviewees. Even PW6, one of the interviewers who interviewed the respondents affirmatively confirmed that questions 2, 11 and 12 are leading questions.

[74] The case of *Yakult Honsha KK's Trade Mark Application* [2001] RPC 756, in dealing with 'leading questions' and 'survey evidence', the High Court (Chancery Division) had held that it was not reliable evidence. Justice Laddie said:

> If the respondent answered in the affirmative, he or she was asked 'what brand or product is it?' The respondents were then shown a Yakult bottle with all references to the trademark 'YAKULT' removed. They were then asked the question:
>
> This time we have an actual pack to show you. This is a product which you may or may not have seen before. It comes in a pack this shape and size, but of course it would have a name and description on it. Do you recognise this as product that you have seen before?
>
> Once again, those respondents who answered in the affirmative were then asked 'what brand or product is it?' As Ms Leno puts it, in the South East of England, 38 percent of respondents were able to look at the unbranded bottle shape and identify it with the applicant's trademark 'YAKULT'.
>
> Mr Alexander said that the way this survey was constructed would inevitably prompt respondents to give answers which the applicant wanted. The use of the famous Coca Cola bottle first would lead an ordinary respondent to realise that some sort of trademark significance in relation to containers was the subject of the survey. That would be reinforced by the opening words of the question put in relation to the applicant's bottle. The reference to 'this time' was likely to emphasise to the respondents that this bottle was intended to have the same trademark significance as the Coca Cola one.
>
> In my view these criticisms are valid. The survey is far too leading to be accepted as reliable evidence of the recognition of Yakult's bottle even in 1997. There is nothing to suggest that Yakult has done anything to educate the public that their little bottles have trademark significance. Furthermore there is nothing, whether in the survey or otherwise, which demonstrates that the public had learned of such significance, whatever the actions of Yakult, at the date of the applications.

ANSWERS NOT VERBATIM

[75] The court also finds that the answers in the questionnaires are one word or single letter answers. It is rather impossible to fathom such a coincidence that the majority of the answers recorded by the two interviewers (PW5 and PW6) were single letter answers. There is always someone or a number of persons who would have given lengthy answers. For example, it is rather impossible that majority of the interviewees to a question at Q3 under

section C had given the same answer and that is 'menswear'. A male customer who walks into a departmental store intending to purchase a trousers or shirt would go to the enquiry counter and inevitably ask for the shirt and trousers division and not 'menswear' division. Such a coincidence of majority of similar answers would have come about because the answer 'menswear' was in fact given and/or suggested by the interviewers, recorded by the interviewers and not an answer from the interviewees. In fact the interviewer (PW5) confirms this at p 51 of the bundled notes of proceedings. It is the work of the interviewer to record down verbatim answers even if the interviewee spoke in Bahasa Malaysia. PW5 also confirms that there is neither guideline nor permission for them to translate the answers given.

[76] The interviewers (PW5 and PW6) confirmed in their evidence that the instruction given to them was to record the exact answer (or verbatim) given by the interviewees. In their evidence, they admitted the answers were recorded verbatim. There are deletions appear in the questionnaires as well as the answers. There is no satisfactory reason given for such deletions. At pp 64–65 of the notes of proceedings, PW6 confirmed that he had made the deletion.

[77] Some of the questions are not open-ended questions. PW6 confirmed that he knew what is open-ended or close-ended questions. Questions 1 and 2 are close-ended questions that is, there is no option given to the interviewee to say 'I don't know' or 'I am not sure'.

PREJUDICIAL AND BIAS MARKET SURVEY

[78] The questions in the questionnaire were prepared and formulated by the present set of solicitors for the plaintiff only in May 2005, some five months prior to the trial in July 2005. In such circumstances, considering:

(i) that the action was filed in 2002;

(ii) that the plaintiff had issued a cease and desist letter in 2001 to the defendant;

(iii) upon a contest by way of affidavits, the plaintiff had obtained an interlocutory injunction on 3 November 2003 which was subsequently reversed by the Court of Appeal in favour of the defendants;

the survey market results taken just five months *before* the trial of the action is highly prejudicial and a bias compilation of hearsay evidence that cannot be relied upon.

[79] If the survey is 'going to be of any use', it ought to have:

(i) been made at the time of the alleged breach which would have been on

or about 2001 or even 2002 when the defendant was openly trading under the trademark 'Emmer Zecna'. See the Court of Appeal case of *Lim Yew Sing v Hummel International Sports & Leisure A/S* [1996] 3 MLJ 7 where Justice Mahadev Shankar JCA had held that:

> the survey commissioned by the respondent was hearsay and inadmissible. If the survey was to be of any use, it must fairly reflect the factual position at the time the application to expunge was made;
>
> (ii) been made at the defendant's outlets when the defendant's products were purchased by members of the public. It is crucial for the plaintiff to demonstrate that there is a likelihood of confusion or even confusion amongst the members of the public at the outlets or the retail centers of the shopping malls where the defendant's products were sold openly. Nowhere in the market survey was this demonstrated because the plaintiff did not deem it fit to undertake a market survey at the shopping malls where the defendant's products under the trademark 'Emmer Zecna' was sold openly. Perhaps the plaintiff knew or realised that the members of the public at these shopping malls where the defendant's products were sold openly under the trademark 'Emmer Zecna' would not give favourable answers to their questionnaires.

INTERVIEWEES NOT CALLED AS WITNESSES

[80] The answers given by the interviewees cannot be tested by way of cross-examination. The defendant's counsel was deprived of the right to cross-examine these interviewees. What is more puzzling was why wasn't some of the interviewees not called to testify, even when they have agreed and 'willing' to do so in the questionnaires? The addresses have been given in the questionnaires and if they have volunteered to testify, then it would have been prudent and incumbent on the plaintiff to produce at least some of these interviewees, (see: the Court of Appeal case of *Lim Yew Sing v Hummel International*). This court should draw an adverse inference against the plaintiff for failure to call these interviewees to testify.

[81] In the case of *The European Ltd v The Economist Newspapers Ltd* [1996] FSR 431, Justice Rattie accepted Justice Whitford's decision in regards to the admissibility of survey evidence of confusion in *Imperial Group Plc v Philip Morris Ltd* [1984] RPC 293 at p 310, line 45, as being:

> flawed by the fact that most of the witnesses were being asked to make a guess about something about which they might not have bothered to trouble themselves on if the matter had not been put to them in the way which it was.

[82] In regards to the survey evidence in *The European*, Justice Rattie further stated that:

> In my judgment, the results of such a survey are of very little, if any, help on the question of the likely reaction of actual customers in the market place. Bearing this in mind, together with the defects in the particular evidence about the survey in this case that I have mentioned, namely that the full answers given by all the persons interviewed were not available, and that no-one gave evidence who had seen all such answers, I do not regard the evidence of the results of the survey … as proving that actual or intending purchasers … are likely to be confused by any similarity in their titles.

[83] The similarity in defects with the survey evidence adduced by the plaintiff here with the survey evidence in *The European*, is that none of the interviewees' full and verbatim answers were available and none of the 276 interviewees were brought as witnesses.

[84] No doubt in law, the result of market survey is admissible as evidence, as found in *Customglass Boats Ltd v Salthouse Brother Ltd*, but the weight of the evidence must be dependent upon whether the questions were formulated in such a way as to preclude a weighted or conditioned response; there is clear proof that the answers were faithfully and accurately recorded; and that there is evidence that the answers were drawn from a true cross section of the class of the public or trade whose impression or opinion is relevant in the matter in issue. The court is duty bound to scrutinise all the questions and ensures given as well as evidence as to how the survey was conducted by the interviewers, to ensure that all the relevant ingredients (as stated above) have been complied with. To quote Evershed MR comments in *Electorlux v Electrix*:

> … the question whether one marks is likely to cause confusion with another, is a matter upon which the judge must make up his mind and which, he and he alone, must decide. He cannot abdicate the decision in that matter to witnesses before him.

In the present case, the situation is worse ie the interviewees, who have given their answers to the questions are not even called as witnesses before the court. If the court cannot abdicate the function to decide on the issues of confusion to the witnesses called before the court (as held in *Electrolux v Electrix* case), the court cannot abdicate the function to the interviewees who are not even called as witnesses.

[85] On the same issue, the Court of Appeal in *Lim Yen Sing v Hummel International Sport & Leisure* ruled as follows:

A We agree with appellant's counsel Wong Sai Fong that this survey was nothing more than hearsay evidence, and Shriver's averments thereon was hearsay upon hearsay. Since it was contested it was incumbent upon the respondent to prove its contents as required by the Evidence Act. Since nobody had been called from In-Depth to prove the survey it was not evidence as that word is understood in a court of law because it was not admissible.

B

[86] In the present case, the court finds that the market survey report is not conclusive of the issue to be decided by this court, particularly on the issue of deception and confusion. The court cannot rely on this type of report. It C does not help the plaintiff in determining the issue at hand.

[87] On the above consideration, the court concludes that the defendant has not infringed the plaintiff's trademark as the marks are not identical or so nearly resembling to each other as they differ visually and orally to a great D extent and there is no likelihood of confusion or deception in the course of trade in relation to the products concerned.

TORT OF PASSING OFF

E

[88] The second and third causes of action by the plaintiff against the defendant is based on tort of passing off of the defendant's goods and business as and for that of the plaintiff's goods and business by adoption of the trademark 'Emmer Zecna' for their goods.

F

[89] The law on the tort of passing off as laid out in *Erven Warnink BV & Ors v J Townend & Sons (Hull) Ltd & Ors* [1979] 2 All ER 927 (HL) has been adopted by Malaysian courts (see, (a) *Seet Chuan Seng & Anor v Tee Yih Jia Food Manufacturing Pte Ltd* [1994] 2 MLJ 770; and referred also in the G English House of Lords case of; (b) *Reckitt & Colman Products v Borden Inc* [1990] 1 All ER 873).

[90] For an action of passing off to be successful, the following criteria needs to be satisfied, namely:

H

(i) there must be goodwill in the plaintiff's mark;

(ii) there must have been a misrepresentation by the defendant; and

(iii) as a result of the misrepresentation, the plaintiff have suffered or is likely to suffer damages.

I

LIMITED GOODWILL

[91] The court finds that the plaintiff's mark does not have a large brand awareness in Malaysia as the plaintiff only has two outlets, one in KLCC and the other in Avenue K (which opened recently in 2005). KLCC is known to attract tourists and the 'upper bracket income' consumers due to the high end retailers that trade in the mail. Therefore, a majority of Malaysians are not aware of the existence of the plaintiff's mark. The mark is not well known to the general public and whatever goodwill the plaintiff has is minimal, lies only with the upper class segment of the public.

MISREPRESENTATION BY THE DEFENDANT

[92] Even if the first criteria as to the element of goodwill may be satisfied by the plaintiff, the second and third criteria have not been satisfied. There has not been any misrepresentation to the public by the defendant. The defendant has not been misleading the public to make them perceive or belief that the defendant's mark or business is associated to the plaintiff's.

[93] The defendant independently coined its mark Emmer Zecna and commenced using its mark on clothing by way of trade in 1997.

[94] The court would like to reiterate the facts and circumstances of this case and the practicality of the situation mentioned earlier in these grounds of judgment above, in that:

(i) the representation of each mark is substantially different;

(ii) the channels of distribution are different; and

(iii) sales price is substantially different and therefore, target market is different.

[95] If there was an intention to deceive the public, the defendant would have chosen to target the same segment of the market and would have chosen a substantially similar or almost identical trademark to that of the plaintiff's.

[96] Not one witness was adduced by the plaintiff to say that he was deceived or goods were passed off as the plaintiff's goods, on him or her. All of the evidences adduced were hearsay evidence and there were no mistaken purchases made by consumers believing that the defendant's goods are the plaintiff's goods.

[97] Even if we take the evidence of PW2, the alleged confusion does not tantamount to misrepresentation by the defendant. In a cause of action of

tort of passing off, what legally matters is misrepresentation and not mere confusion. Further the misrepresentation must be a material one, in the sense that it must create a real, tangible risk of damage to the plaintiff.

[98] In the case of *HFC Bank Plc v Midland Bank Plc* [2000] FSR 176, where HFC Bank claimed that Midland Bank's change of name to HSBC Bank was passing off itself as HFC Bank and riding on its goodwill, Justice Lloyd held that:

> Mere confusion between two traders' products does not provide the basis for a passing off action and
>
> The fact that people, including customers, make mistakes is not enough to prove that Midland's use of the new brand name is a representation that there is a connection between the two entities.

[99] Justice Lloyd went on further to state that:

> It has, however, to be asked in every case against the background of the type of market in which the goods are sold, the manner in which they are sold, and the habits and characteristics of purchasers in that market. The law of passing off does not rest solely upon the deceit of those whom it is difficult to deceive.

[100] Here, taking into consideration the surrounding circumstances in this case, as discussed earlier the court is satisfied that the defendant's consumers or potential consumers will not be easily deceived or confused. There is no misrepresentation on the part of the defendant to make the public perceive or belief that the defendant's mark or business is associated to the plaintiff's.

DAMAGES SUFFERED OR LIKELY TO BE SUFFERED

[101] The plaintiff is relying on probability of damages under two heads:

(a) tarnishment of its goodwill or reputation in Malaysia; and

(b) diversion of the goodwill.

To date, the plaintiff has not shown any actual damage in terms of drop in sales or any real tarnishment of its goodwill or reputation in Malaysia.

[102] In regards to the tarnishment of the plaintiff's goodwill, why is there a sudden concern when the defendant has been openly trading under the name 'Emmer Zecna' since 1997 and there has been no evidence of complaints from the plaintiff's customers in regards to lesser quality, management or services received at the defendant's store? If there has been no

such incidence of their goodwill being tarnished, when the marks have been co-existing for more than ten years, why is there a probability of this head of damage occurring in the future?

[103] In regards to the second head of diversion of goodwill, it is clear that the plaintiff has not suffered any form of damage and in fact their business has increased tremendously as disclosed vide para 8 of the statement of claim as well as PW1's evidence. Further, the plaintiff's and defendant's business is not in direct competition to each other as they are priced differently and target different segments of the public. Therefore, loss of sales on the part of the plaintiff, even if there is any, is not caused by the defendant's trademark or business.

SECOND TIER BRAND

[104] In its submissions, the plaintiff submits that, by reason of the close similarity in the trademarks and trade names, it is likely that the public will believe that the defendant's goods and outlets are associated with the plaintiff in the sense that the defendant's goods are a 'second tier brand' of the plaintiff for example like in the case of 'Donna Karan', where 'DKNY' is a second tier brand and the goods sold are cheaper and aimed at lower income brackets. Other example cited by the plaintiff are Armani where Armani Exchange is the second tier brand and Versace where Versus is a second tier brand. The plaintiff contends that it is common for luxury brands to now have second tier brands which are lower in price, more affordable and aimed at the general market as opposed to only 'high-end'. In light of this the plaintiff claims, it is highly likely that Emmer Zecna will be confused for the second tier brand of the plaintiff.

[105] The court is of the view that the above contentions by the plaintiff is baseless and merely speculations. As mentioned earlier, consumers in Malaysia are more educated, discerning and trademark-conscious. They will not simply assume that the defendant's mark is a second tier brand of the plaintiff's or is associated to the plaintiff's business. The marks are significantly different. Malaysians are aware that many local brands have foreign sounding names such as LEWRÉ for shoes, CAVENZI for furniture, D'URBAN for clothes, JOHN MASTERS for clothes, ORLANDO for clothes and CARLO RINO for clothes.

[106] With the government encouraging globalisation and assisting local companies to expand into overseas market, Malaysian businesses have to be forward thinking and have to choose brand names which will be accepted in overseas market. A local sounding trademark will not be easily accepted in western markets.

A **[107]** In this regard, the court has to consider the practicalities of the commercial market today where there are many trademarks which peacefully co-exist. In Malaysia, the law has recognised that Malaysians can distinguish the trademarks MISTER and SISTER and POWER and SUPERPOWER. Likewise, the public are able to distinguish the marks 'Ermegenildo Zegna' B and 'Emmer Zecna'.

CONCLUSION

[108] Based on the above consideration, the court finds that the plaintiff C has failed to discharge their burden of proof on a balance of probabilities to satisfy this court that the defendant had infringed the plaintiff's registered mark and further that the defendant had passed off their products to the public as that of the plaintiff's products. On that grounds, the plaintiff's claim against the defendant is dismissed with costs.

D

Plaintiff's claim dismissed with costs.

Reported by Brendan Navin Siva

E

F

G

H

I